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ROLE OF ORGANIZATIONAL CULTURE IN PARTNERING: THE EXPERIENCE CONSULTANT FIRMS IN THE MALAYSIAN CONSTRUCTION INDUSTRY.

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Abstract

Partnering is believed to be a viable approach to integrate the construction industry supply chain, improve client-constructor relationship, innovation, enhances levels of productivity and quality of construction project implementation, as well as creating conducive environment for innovations. Considering partnering is noted as an enabler for innovation, the perceptions of the consultant engineers towards partnering is crucial as they are at a pivotal stage of introducing innovation in construction projects. This paper aims to explore the perceptions of consultant engineers towards the role of organizational culture in partnering through the use of qualitative methods. Findings indicate that although the consultant engineers in Malaysia are positive towards partnering, there exists some hesitation in fully engaging in partnering ventures due to dissimilarities in organizational culture among firms involved.

Keywords: Partnering, organizational culture, consultant engineers, Malaysian construction

1.0 INTRODUCTION

The construction industry, though minimal in comparison with the manufacturing industry, is as critical to the development of a nation. Past civilizations were noted of their magnificence from the existence of monuments and ancient ruins, as the result of their esteemed culture and knowledge. The evidence of their glorious reign can still be seen up to this day, in the form of historical structures and building. Centuries later, the pattern continues. The nations of the world today strives to construct the most innovative structure that will put their homeland on the world map. The advancement of technology had opened a range of new possibilities. As construction techniques and materials become more sophisticated, it is up to the humans to catch up with more advanced management techniques. Tools to assist in managing projects and the human capital involved are easily developed, due to the speedy expansion of Internet technology which has brought people closer and, thus creating a borderless world.

Within the aspects of managing construction, various methods have been introduced to create efficiency in managing construction projects. In the construction industry, teams working on a construction project would normally comprise of multiple parties with different expertise, coming together in temporary organizations and working towards the same aim. The success of projects relied heavily on the smooth coordination among the member firms in these temporary organizations. The projects are also subjected to risk of dispute and misunderstanding among member firms, which in turn could cause potentially beneficial relationships become relationships that are more adversarial in nature. Due to this common practice, the construction industry is commonly being cited as a multifaceted industry, of many adversarial relationships due to different parties collaborating with temporary organizations working together towards completing a project [1, 2 , 3, 32, 33]. Moreover, the industry is also widely being cited as being the least susceptible to innovation, as compared to manufacturing and other service

industries [4, 5]. It is with this point where partnering will be useful, specifically in innovations, improving the state and quality of relationships in the construction industry [6,7].

Another issue to consider in the construction industry is that the product is developed throughout the segmented production process and in most cases there are no prototypes, as opposed to manufacturing industry. The construction industry, delivers the product to its client base by way of a stream of generally single and unique projects, which may impede innovative ideas and learning curve among its players. Apart from that these projects typically draw together a significant number of diverse small and large construction firms with varying collaborations [8]. With that in mind, it is crucial to understand the interplay between different organisation cultures involved in these varying collaborations.

Consequently, in dealing with these issues, the Malaysian Construction Industry Development Board (CIDB) has proposed the 10-year Malaysian Construction Industry Master Plan (2006-2015) which identified and recommended partnering as a method to overcome the inherent problems within the construction industry. The partnering strategy in construction industry made its debut in the last decade and since then has been implemented successfully in the USA, Australia and Japan. These countries have been making the main point of reference due to their success in establishing suitable procedures for the selection of subcontractors in public sector contracts [9]. In the UK, the partnering strategy had started to be implemented more widely since the recommendations in the Latham Report in 1994 and the Rethinking Construction report in 1998. [10,11,12].

This paper aims to investigate the experience of consultant engineering firms in the Malaysian construction industry towards the role of organizational culture in the implementation of partnering practices in Malaysia. The paper reports part of the findings in a PhD study on the link between partnering success and similarities in organizational culture between partnering firms.

2.0 DEFINITION OF PARTNERING

Partnering originated from strategic alliances among manufacturers and suppliers, an effort to strengthen the supply chain which has been used extensively in the automobile and manufacturing industry [13,14]. In partnering, competitive tendering by suppliers is being replaced by relatively informal agreements with a few suppliers. In the context of the construction industry, partnering is defined in many ways. However, for the context of this paper where the context requires a review of previous experience or feedback, the following definition will be used[9]:

"*Partnering is a concept which provides a framework for the establishment of mutual objectives among the building team with an attempt to reach an agreed dispute resolution procedure as well as encouraging the principle of continuous improvement*."

Although there is still no concrete evidence to show the tangible benefits of partnering in the construction industry, some literatures [9,15] reported that organizations already in the partnering relationship will continue to be in it for its many perceived future benefits. This will imply that the trend of partnering with less organization evident in other industries such as automobile and manufacturing will be imminent in the construction industry. Organizations which refuse to adapt to this trend may find it harder to sustain in the industry, should the trend prevails.

3.0 THE CULTURE IN THE MALAYSIAN CONSTRUCTION INDUSTRY

The construction industry plays a critical role in generating wealth and improving the quality of life for Malaysians in the means of translating of the government's socioeconomic policies into social and economic infrastructure and buildings. The culture capital of the construction industry in Malaysia is affected by the multi-racial composition of its people, which are mainly comprised of the 3 main races; the Malays, Chinese and Indian, as well a minority of the indigenous people of the land. Cultural capital accumulates from the strength and quality of networks connecting members of ethnic, religious/faith and minority groups together, which includes beliefs and practices that are passed down through generations [16]. Cultural capital defines how people engage with each other and their resources. Whether the culture of an organization is good or bad, cultural capital is created when values, traditions, beliefs and language become the currency to leverage other types of capital. It generates the difference between creating an environment to maintain the status quo and building the foundation for making a change in an organization [17].

Cultural capitals have played a significant role in the Malaysian construction industry. In a previous study, it was identified that the organizational culture in construction firms in Malaysia is governed by the Monkey (Clan) culture [18]. The Monkey (Clan) culture focuses on cohesiveness, teamwork and commitment to the organization. There could be more one type of culture in an industry, but only the dominant will constitute the culture of the entire industry. This study identifies the organizational culture based on the Competing Values Framework (CVF) [19]. For the purpose of Asian studies, the labels Monkey (Clan), Rabbit (Adhocracy), Elephant (Hierarchy) and Tiger (Market) were used to identify the different cultures [20]. Organisational culture is one of the main determinants of the many aspects of an organization's life such as; organizational success,

attractiveness, innovation, safety, leadership, productivity, performance and effectiveness, which knowledge of culture is crucial to the success of any management [21].

In the recent years, several studies have noted a move towards inculcating a number of generic cultures within the industry, specifically; quality culture [22] knowledge sharing culture [23] and safety culture [24] within the Malaysian construction industry. This could be due to the current trend of internationalization of construction industry in which foreign construction firms are being encouraged to engage with local firms in large sized construction projects promoting technology and knowledge sharing between the foreign and Malaysian firms.

4.0 METHODS

The findings obtained in this paper were collected through qualitative methods in the form of semi-structured interviews in order to gain the insights of the parties involved in construction partnering. For this purpose, 14 technical professionals in various level of management from 5 consultant engineering firms that are actively involved in the Malaysian construction industry are selected through purposive sampling as participants. Besides exploring the views of the participants in regards to partnering and organizational culture, the fieldwork had also indirectly seeks to determine the impact of partnering to innovation. Consultant engineering firms are viewed to be at a pivotal position in introducing innovations to improve performance in partnering projects, based on the findings [25] which implied the potential of consultants and consultants in promoting new methods in construction projects. The use of semi-structured interviews provide the researcher the opportunity to retrieve detailed information about the current partnering practices and enhance the findings by adding the participant's own account of the partnering experience. This research will extend the current body of knowledge by attempting to identify how partnering is affected by various organizational cultures among firms in partnering projects.

All semi-structured interview conducted were recorded and transcribed. The qualitative data obtained in this research were analysed in 2 different stages. The first stage of analysis will put the data through a structural coding approach. Structural coding applies a content-based or conceptual phrase representing a topic of inquiry to a segment of data that relates to a specific research question used to frame the interview. The similarly coded segments are then collected together for more detailed coding and analysis [26]. For further analysis of structural codes, it is suggested that a second stage of analysis should be conducted [26].

The second stage of the qualitative analysis employed the content analysis, which requires the text to be coded, or broken down, into manageable categories on a variety of levels--word, word sense, phrase, sentence, or theme, and then analysed to see the relationship between each theme. Content analysis is a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use [27]. The analysis was applied with the aid of a coding scheme to distinguish different categories of thinking among the respondents. It is essentially a method for systematically describing the meaning of qualitative material, done by classifying the material as instances of the categories of a coding frame [28].

There has been much debate on whether or not content analysis is more quantitative or qualitative in nature, with both disciplines claiming ownership of it. This debate could originate from the technique of content analysis itself, which requires counting codes of the data as a step in the analysis. Qualitative content analysis goes beyond merely counting words to examining language intensely for the purpose of classifying large amounts of text into an efficient number of categories that represent similar meanings [29]. While counting is originally associated with quantitative methods, it is implied that the qualitative content analysis uses code categories which emerges from the data themselves, applies these codes through careful reading of the data, and treats counting as the detection or patterns to guide the further interpretation of the data [30].

The qualitative data collection for exploring organizational culture among consultant engineering firms was set under two themes, namely; organizational culture and structure in the Malaysian construction industry, and role of organizational culture in partnering. The NVivo 10 software was used to assist in managing and analysing the semi-structured interview data.

5.0 DISCUSSION OF FINDINGS

5.1 Organizational Culture and Structure within Consultant Firms in the Malaysian Construction Industry

5.1.1 Work Environment

Based on the results, in general the work environment of consultant firms can be described as constantly pleasant and relaxed. There seems to be no difference between the responses of the participants, who are top management (directors/principals) and the technical professionals (middle managers/senior engineers), both groups of participants seems to be in agreement that the culture in consultant firms are flexible. The main concern is that the employees are able to complete their task within the due date, and they are given the flexibility of working hours. This can be seen in the responses of P5 who is the principal in his firm, ***"I ask them to work overtime, no problems with***

all the staff. But when it comes to arriving at the office on time, most of them couldn't come on time. So, we have got to consider, sometimes they are more on one aspect, less on the other..." and P4, a senior engineer in his firm, ***"As long as you deliver, it is ok. We don't have punch card system, just a record of time in and out. Sometimes we do ask the staff to stay back to reach the deadlines"***. There seems to be some slight difference among the consultant firms in regards to their focus, whether they are more client-oriented (external focus) or employee focused (internal focus). 11 out of 14 participants believe that their firm puts employee welfare before the needs of their clients, while 3 out of 14 thinks that their flexible organizational culture is more client-oriented. These 3 participants were all from the same organization, so there is no difference between the opinions of the top management and staff. For the remaining 5 organizations, the employee focus culture is reflected through the availability of training opportunities, benefits for employees, staff development programs and motivational support from the management.

5.1.2 Understanding Of Culture Throughout The Organization

Theme 3 of this research also seeks to determine whether or not the flexible culture is commonly understood throughout the entire organization. In general all of the participants agree that their flexible culture is understood, which could be attributed to the size of organizations in this study that are classified as SMEs with total number of employees being less than 50. However, there are some isolated cases in their organization where the employee does not uphold to their culture. In these cases there is a general acceptance by all of the participants that the non-technical administrative staff are less appreciative of their flexible culture, as mentioned by P3, "***Maybe they do.. it's just their attitude themselves"*** and P5, who is the principal in his firm, ***"My technical staff...they know they have to finish by due date, the drawing must be submitted. The administrative staff may not realize this, the deadline. They just do not understand."*** It should be highlighted that most of the administrative staff in consultant firms in Malaysia has relatively low levels of education as compared to their technical colleagues, which could be the reason that they possess lower work ethic values. This finding is parallel to the findings by Heller (1995) which implied that people having high *levels of education* and skill and occupying jobs with a fair measure of autonomy are very likely to hold high *work ethic* values. Accordingly, Theme 3 also investigates the impact of organizational structure to partnering. From the results, there seems to be an equal amount of firms with divisional structure and project-based matrix structure. P4, who is in a divisional structured organization, believes that this structure is best in avoiding errors in design, as implied in his response ***"Lately, we do have more structural project compared to infrastructure. We can assist but not for designing. Because that is not our expertise… we can help with the printing, arranging or documentation, but not design. We don't want to risk making errors in the design.."***. On the other hand, the organizations with project-based matrix structure feels that this type of structure is the most effective way for them to cater to the needs of the market, with their limited workforce, as commented by P5, ***"Ok, we have a small company... so we can always change according to the needs. If this project needs an infrastructure engineer, or a geotechnical engineer, we will suit to their requirement."***

When looking at the suitability of their current organization structure for partnering practices, most of the participants (11 out of 14) stated that their structure helps when working with other organizations. With most of consultant firms in Malaysia categorized as SMEs (Kamal and Flanagan, 2012), there is less bureaucracy in their operations and the clients or partners can easily reach the appointed person regarding their project. This reflects the comments made by P2, ***"... as we are flexible, we are not too rigid in making decisions, in completing the tasks etc. So we are quite flexible and easily understood by other companies. I believe we never have any problems regarding this"*** and P4 ***"People understands, and the clients understands it too... so when the client needs information they will directly contact the person in charge".*** So in this matter, organizational structure is not seen as a hindrance to partnering, as it is highly dependent on the size of the organization.

5.2 Consultant Firms Perception of Organizational Culture and Its Role in Partnering

In general, most of the participants agree that cultural similarity does in fact helps partnering efforts, and will give a better chance of success in that venture. This is based on the belief that similarity in organizational culture implies that partners have similar work ethic values, importance and respect towards each other. Similarity in culture would also mean that the relationship between partnering parties will occur almost instantly, without wasting much time, as implied by P10 when asked about how similarity of culture helps working with other organizations, ***"Easier. We don't really need extra time, based on our past experiences.. we were ok."*** In general the participants who are in favour of culture similarities also believe that good culture will also significantly improve the output of the collaboration of these firms. Among these participants is P8, who commented, ***"It does affect the success. Within this company we have ongoing rifts. If we can resolve all of it, we can always produce better products. We can reduce the errors on site. The environment and culture within a company is vital. We would still have output even if the company is not a pleasant place to work at, but the quality of output would probably be a lot less."***

On the other hand, a smaller number of the participants believe that partnering success is not influenced by culture similarities, but rather the

professionalism and understanding of roles by each of the construction parties. This can be seen in the responses of P4, ***"It all depends if everyone plays their part, we will get good results... which means we cannot really contradict the architect.. they will have their own criteria, we have our own. If the architect plays their part, we do ours.. we will get good results. That's it. Play each other's role"*** and P5, ***"I understand their work attitude and believe in their professionalism. Here in this organization, the requirement may not be as stringent, but when needed to perform for higher requirement, they can easily adapt. No problem... easily".***

The second theme also seeks to identify the opinion of the participant on what should be done to improve their current organizational culture in order to promote partnering. Basically the participants believe that ISO certification and improvements to employee benefits and salary will give the necessary impact on their organizational culture which in turn will improve the success of partnering. The analysis of the data for this particular issue has reflected how different management and employees' views can be. Unsurprisingly, the participants who believed that ISO certification is necessary were from the top management while the participants who were the employees think that improvements in salary and benefits for them shall give the much needed motivation to improve their morale to actively participate in any partnering activities.

6.0 CONCLUSION

From the results, it can be seen that the consultant engineering firms in Malaysia generally have a flexible organizational culture, with more firms placing the needs of their employees before the demands of their client. According to the Competing Values Framework (CVF) [19] the main organizational culture identified among these firms based on their organizational processes are organic in nature with varying organizational focus from one firm to another. This could be due to the fact that most of the consultant firms in Malaysia are SMEs,[31] which made it easier for the top management to make their visions understood by the employees due to their small organization size. There seems to be no influence of the type of organizational structure of the consulting firms when dealing with other firms as shown in the results.

As for the influence of culture to partnering, majority of the consultants believes that culture similarities greatly improve the success of partnering, This is based on the belief that similarity in organizational culture implies that partners have similar work ethic values, importance and respect towards each other. Similarity in culture would also mean that the relationship between partnering parties will occur almost instantly, without wasting much time. In general the participants who are in favour of culture similarities also feel that good culture will also significantly improve the output of the collaboration of these firms, which agrees with the findings from the literature review.

The richness of qualitative data has assisted the researcher in gaining a fuller perspective on the awareness and understanding of partnering in the Malaysian industry, and how culture could assist in enhancing partnering success. This paper has captured the specific characteristics of the Malaysian construction industry and the view of construction professionals on partnering.

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